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C O N F I D E N T I A L SECTION 01 OF 03 ATHENS 000113

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AMEMBASSY MOSCOW PASS TO AMCONSUL VLADIVOSTOK  
AMEMBASSY MOSCOW PASS TO AMCONSUL YEKATERINBURG

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SUBJECT: Papandreu Cabinet Insider Pamboukis on Managing the  
Politics of Greek Reforms, Foreign Policy

CLASSIFIED BY: Deborah A. McCarthy, Charge D'Affaires, State, EXEC;  
REASON: 1.4(B), (D)

¶1. (C) SUMMARY: Ambassador called on Minister of State Haris Pamboukis February 1 to gain a better understanding of the GoG's internal deliberations on reforms, the economic crisis and domestic stability, and on regional foreign policy priorities. Pamboukis, a constitutional lawyer who eschews the limelight, is widely reputed to be one of PM Papandreu's key advisors. He was firm on the need for promoting transparency and tackling corruption, said the Greeks are ready for real reforms, and he believed opposition New Democracy Leader Samaras would be supportive. He noted that Greece's fiscal challenges are real, but not as dire as markets (which have other agendas relating to the euro) indicate. The GoG is operationalizing its counterterrorism/domestic security strategy with support from a Greek public which, since the days of the November 17 group's attacks, had changed its views on the legitimacy of violence against authority. Ambassador noted that Greece faces a number of foreign policy issues at the same time it is trying to build a consensus for major domestic reforms, and asked whether the GoG would be able to manage all of these challenges politically. Pamboukis noted that on most issues, especially Turkey, there is already a broad consensus for moving forward. The GoG will press forward on key foreign policy challenges, and Pamboukis believed the Macedonia name issue would be resolved in the medium term - certainly before the end of the current GoG's mandate. Improvement in relations with Turkey must be done in small "doses" with concrete results along the way. END SUMMARY.

¶2. (C) Ambassador called on Minister of State Harolambis "Haris" Pamboukis February 1, accompanied by DCM and Pol counselor. Pamboukis was accompanied by PM Papandreu's Diplomatic Advisor Ambassador Dimitris Paraskevopoulos. Pamboukis is widely understood to be one of Papandreu's closest and most trusted advisors, particularly on domestic issues and legislation. Pamboukis told us the GoG is proceeding methodically to address long overdue structural reforms as it faces the financial crisis. It is seeking long term solutions, not immediate ones as financial markets are wont to look for. He said they realize that what happens in Greece has serious implications for the Eurozone and he had no doubt in the market there are speculative movements.

Transparency Key to building Public Support

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¶ 13. (C) Meeting on the day when the GoG was consulting in the parliament on promoting transparency and fighting corruption, Pamboukis insisted that government transparency will be key to building public support for tough reforms. The new government's commitment to "e-government" is central; every ministerial decision allocating funds will have to be posted on the internet within four days. Corruption, both large and pretty, is pervasive in Greece, and Papandreu will lead the fight by personal example.

¶ 14. (C) In response to Ambassador's comment that the current state of the Greek economy adds to the challenges of building public consensus, Pamboukis acknowledged that the GoG inherited many problems, the scope of which were still being uncovered. Pointing to the growth in budget deficit forecasts from 3.7 percent just before the last elections to 12.7 percent now, he said the GoG was committed to responsibly addressing the fiscal crisis. Saying, "we don't deserve what the markets are doing to us," he acknowledged that the Greeks themselves were mostly responsible for the mess confronting the country today. The GoG is constantly reviewing its approach, and will present a new 2010 budget to parliament before the end of February. The GoG has to confront this crisis on three fronts: reviewing/renewing its budget to bring the deficit down, going to EU partners for political support, and talking down market concerns. "We created this mess and we will solve it - in the Greek way."

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¶ 15. (C) Asked what plans the GoG had to address the well-known shortcomings in its official statistics, Pamboukis preferred to focus on overall improvements in government efficiency and transparency, while managing sometimes hostile perceptions from abroad. Pressed by the Ambassador on Wall St concerns that the PASOK government appeared to be divided in its policy approach between old-school thinkers and technocrats, Pamboukis acknowledged that divisions existed "naturally" during the policy formulation process. It's after the PM makes the decision that everyone must fall into line. Papandreu himself was a good "father figure" for Greeks in these hard times. He can lead the GoG in building the public consensus needed for Greece to confront tough reforms. The good news is that, as of now, the Greek people were understanding of the need, and many wanted to see quick action by the GoG.

¶ 16. (C) Working with an opposition that supports reforms offers the GoG new opportunities to push them through. Samaras and New Democracy had so far been supportive. The GoG "will go as far as possible" to work with and inform the opposition parties. An example was the party leaders' conferences held later that day.

Greek Public Wants Security

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¶ 17. (C) Turning to security issues, Ambassador asked Pamboukis his approach to fighting terrorism, given an upsurge in security incidents in Greece over the last two years (reported septel). Pamboukis said this was a high priority for the new government. The outgoing ND-led government had made progress making needed legal reforms, and the PASOK government will now look at operationalizing them. First they will find the law-enforcement personnel that had been trained in C/T for the 2004 Olympics, and bring them back into service. Better use of information, including as evidence for court proceedings, would be addressed. The GoG would also try to "follow the money" to identify and choke off sources of funding for these groups.

¶ 18. (C) Pamboukis was confident progress would be made -

Greek society had changed since the days of the old ideological terrorist groups of the 1980s and 1990s. The average citizen was not happy with the riots in December 2008, notwithstanding a long Greek tradition of supporting "rebellion against state authority." This was good because the terrorist/anarchist groups themselves had changed, and now were more international and "polymorphic," although he did not believe that Greece's domestic terrorist groups had any relation with international terrorism. Pamboukis believed that Minister of Public Order Chrysochooides was effective - but the Public Order Ministry was not always aggressive enough in arresting individuals when evidence had presented itself. The new groups were many and active, but they were "not nearly as professional as the old November-17 groups."

Foreign Policy: Plan is to move Methodically

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¶9. (C) Turning to foreign policy issues, the Ambassador asked whether the GoG could sustain tough compromises in the key regional issues on which the USG would like to see movement - the Macedonia name issue and Greece-Turkey relations. Pamboukis replied the GoG does have a program to address these issues, but it would be difficult to pay the political cost of compromise in this environment. Macedonia's name is an example - he was convinced it would be solved during the current government's term, "but not in the next three months." Improving relations with Turkey,

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likewise, will take time and must be done in steps that result in concrete improvements. The GoG understands that Erdogan has a difficult internal political job ahead of him as he promotes reforms. The exchange of letters between him and Papandreu was a positive first step. Having said that, the GoG bases its positions in law - while the Turkish approach appears to be based on deal-making. This won't work. There is a mechanism in place for the two sides to talk. The GoG does not intend to "enlarge the agenda." The two sides should proceed only when they are prepared to go to the end of the process - but there is scope now for building confidence.

¶10. (C) BIOGRAPHICAL NOTE: Minister of State for the Prime Minister Haris Pamboukis: A professor at the law school of the University of Athens, Haralambos Pamboukis is often considered the prime minister's alter ego. He is responsible for the horizontal coordination of the different ministries and their jurisdictions and elaborating the strategic choices of the government in all the critical spheres of the policy making. He studied Law at the University of Paris (N!aris 1- N!antheon Sorbonne). PhD from the same university (January 1990 Docteur d'Etat en droit (Tres honorable) L' acte public etranger en droit international prive, pref, Lagarde, Bibliotheque de droit prive, t. 219, Paris, LGDJ, 1993 XXII+360 ). Alternate Professor of international private law at the Law Faculty of Athens. Honorary Professor at the International Law Academy of The Hague. Partner of Law Office Siouti-Pamboukis-Flogaitis of Athens focusing mainly on international mediation and alternative disputes resolution. (Ms Siouti is the law expert at Papandreu's office and Flogaitis has been appointed several times caretaker Minister in charge of national elections). Long standing relations with the PMs family. He has vacationed many summers with George Papandreu in Southern France. Director of the political office of Papandreu and Secretary General of the MFA when Papandreu was Foreign Minister. Born in 1958 in Athens, married. He speaks English. He is one of the five persons George Papandreu talks and consults and spends private time with (the others are: the Director of his office and long-standing PASOK professional cadre Nikos Athanasakis, Deputy Education Minister John Panaretos, Culture Minister Paul Geroulanos, and his brother Nikos Papandreu).

MCCARTHY